

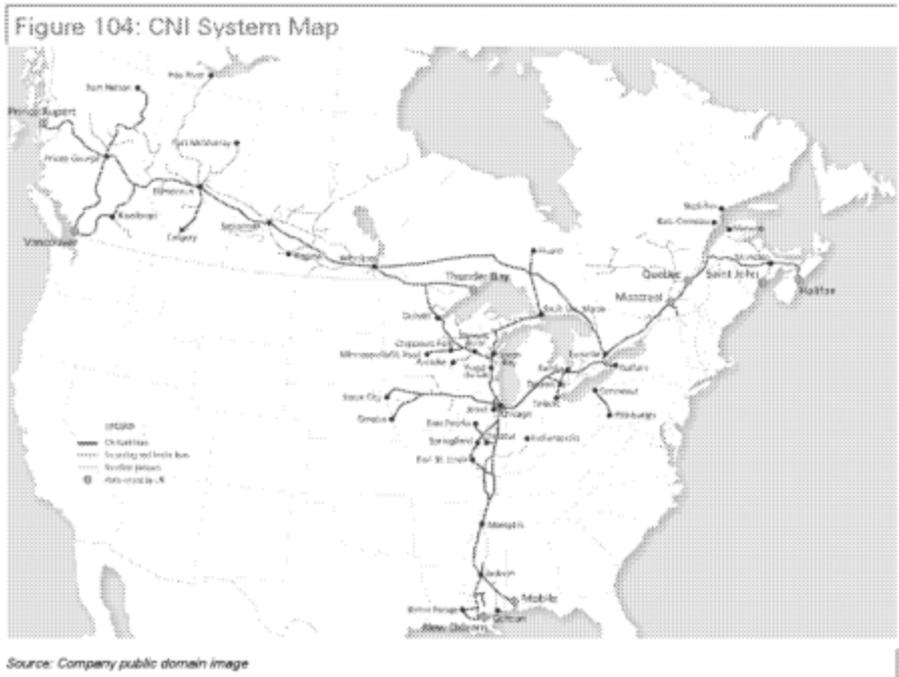


# CNI Company Overview

Canadian National - headquartered in Montreal, Canada was created by the government of Canada after World War I forced several smaller railroads into bankruptcy. In order to maintain a fluid transportation system in Canada, the government accumulated a number rail systems and created Canadian National Railways (CNR) in December, 1918. In the years following, CNR took over operations of several additional railways, including the Grand Trunk Railway - which is the incorporated name for the company's U.S. rail operations today. CNR remained under complete government subsidy until completing its initial public offering in November 1995.

Following its IPO the company, which was rebranded as Canadian National (CN), remained acquisitive and completed an aggressive rationalization of its network. In 1998 CN purchased Illinois Central Railroad for \$2.4 billion to improve its connectivity across Canada and into the U.S. Acting Illinois Central CEO Hunter Harrison was then appointed CEO of CN. In 1999, CN and BNSF announced that the two companies planned to merge - forming North American Railways. The merger was aggressively denounced by the other Class I rails and the Surface Transportation Board issued a 15 month moratorium on rail mergers so it could adopt new merger rules. This caused the companies to abandon the merger plans and focus on network rationalization. Under the direction of Harrison, CN was able to bring its operating ratio from 70% in 2001 into the low 60's before Harrison departed for CP in 2012.

Today Canadian National operates over 20,000 miles of railroad which connects all four major ports in Canada (Prince Rupert, Vancouver, Halifax & Montreal) to the Gulf of Mexico. In 2017, we expect the company to generate roughly \$13.1 billion of revenue and \$5.7 billion of operating income.



*CNI's network spans roughly 20,000 miles and provides service to all major Canadian markets as well as 75% of the U.S. population.*